IN THE

Supreme Court of the United States

October Term, 1945

No.....

ALMON A. HEATH,

Petitioner,

vs.

HENRY G. FRANKEL and L. V. FRANKEL,

Respondents.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Opinions and Judgment Below.

The date of the judgment of the trial court was July 12, 1944. The opinion of the Circuit Court of Appeals was rendered and filed January 15, 1946 [R. 1062; ..... F. (2d) .....].

The judgment of the Circuit Court of Appeals was entered January 15, 1946 [R. 1067].

The petition for rehearing was denied, without opinion, on February 26, 1946 [R. 1068].

Jurisdiction.

The statute under which jurisdiction of this Honorable Court is invoked is Section 240 of the Judicial Code, as amended (28 U. S. C. A. 347). The grounds relied upon for invoking this jurisdiction are that, in holding that respondents were not estopped by virtue of their fraud and unclean hands to be heard affirmatively, the Circuit Court of Appeals failed to follow the doctrine stated by this court in *Hazel-Atlas v. Hartford Empire Glass Co.*, 322 U. S. 328 (hereinafter called *Hazel-Atlas*), and *Precision Instrument & Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 86 (hereinafter called *Precision Instrument*), and thus not only decided an important federal question in a way probably in conflict with applicable decisions of this court, but also denied petitioner equal protection of the laws and exceeded its jurisdiction.

Statement of the Case.

Petitioner has made only a beneficial and lawful public use of his patented inventions, having both made and sold the patented product himself and licensed others to do so.

Patent 1,989,922 [R. 781] solved an old problem which had theretofore rendered it practically impossible for any but the highly skilled to cut a mimeograph stencil with a pointed stylus without tearing or seriously weakening the stencil. The patent provided a composite stencil which even the inexpert and amateur could use for pointed stylus work without tearing or weakening the stencil.

Patent 2,203,280 [R. 787] solved a long-existing problem which had theretofore rendered it extremely difficult to cut a mimeograph stencil with a typewriter without the closed or loop letters punching holes in the stencil. The patented composite stencil eliminated this danger.

The evidentiary documents which respondents were found to have fabricated were their Exhibits Y and Z [R. 878], offered to prove their affirmative defense of prior knowledge and use and of lack of patentable novelty. Thus respondents' fraud seriously tainted their entire case.

While the court below rejected those specific evidentiary documents, they proceeded to hear and give full credence to everything else offered by respondents to support their affirmative defense of invalidity.

Specification of Errors.

1. The courts below erred in improperly limiting the estoppel, arising out of respondents' fraud and unclean hands, to the precise evidence shown to have been fabricated and in not denying to respondents the right to be heard affirmatively in any respect, as would appear to be the intent and logical application of the doctrine applied by the court in the *Hazel-Atlas* and *Precision Instrument* cases.

2. In refusing to allow petitioner the benefits of the rule applied in the *Hazel-Atlas* and *Precision Instrument* cases, the Circuit Court of Appeals denied to petitioner equal resort to and protection of the law.

3. In proceeding to hold the patent invalid despite the fact that respondents were estopped by their fraud to challenge validity, the Circuit Court of Appeals rendered judgment upon a matter not properly in issue and thus exceeded its jurisdiction.

4. In view of the estoppel against respondents arising out of their fraud, the Circuit Court of Appeals erred in not confining the issues to whether or not respondents infringed the patents in suit, which was not an affirmative defense.

ARGUMENT.

The Doctrine of the Hazel-Atlas and Precision Instrument Cases Is Applicable Against a Fraudulent Defendant Seeking to Be Heard Affirmatively to the Same Extent That It Is Applicable to a Fraudulent Plaintiff.

While it is true that, in the *Hazel-Atlas* and *Precision Instrument* cases, the estoppel was applied against a patentee-plaintiff, those decisions contain no indication of any purpose to confine the doctrine to *patentees*. In fact, *to deny a patentee-plaintiff the right to invoke the same rule against a fraudulent defendant seeking affirmative relief, would amount to denying a patentee equal resort to and protection of the law.*

It must follow then, as a corollary, that petitioner is entitled to invoke the rule which this court allowed the defendants to invoke in the *Hazel-Atlas* and *Precision Instrument* cases. That being so, respondents' right to assert *any affirmative* defense was totally precluded by their fraud.

The specific fraud committed by respondents was in connection with their attempt to assert their affirmative defense, and the entire defense must be denied them. Validity having thus ceased to be an issue, it is submitted that the court was without jurisdiction to proceed to hold the patents invalid.

The effect of the decision below is to place a premium upon fraud and deceit.

In perpetrating a fraud upon the court, respondents committed a wrong against the institutions set up to safeguard and protect the rights of the public. As stated in the *Hazel-Atlas* case, such fraud

> ". . . cannot complacently be tolerated consistently with the good order of society."

this court there going on to hold that nothing short of complete denial of affirmative relief to the perpetrator of the fraud is proper.

In the later *Precision Instrument* case, this court used even stronger language in discussing the maxim that "he who comes into equity must come with clean hands," saying:

> "This maxim is far more than a mere banality. *It is a self-imposed ordinance that closes the doors of a court of equity to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief.* . . . That doctrine is rooted in the historical concept of a court of equity as a vehicle for affirmatively enforcing the requirements of conscience and good faith. This presupposes a refusal on its part to be the 'abettor of iniquity.' . . . Thus while equity does not demand that its suitors shall have led blameless lives . . . as to other matters, it does require that they shall have acted fairly and without fraud or deceit as to the controversy in issue." (Emphasis added.)

A Patent Suit Is an Action in Personam and the Courts Are Without Jurisdiction to Hold a Patent Invalid if the Defendant Fails or Is Estopped to Assert Such an Affirmative Defense.

This being an action *in personam,* the issues of course are only those which the parties raise and are not estopped to assert. While all patents are imbued with some public interest, this public interest is not all adverse to the patent grant. The Constitution views patents as being in the public interest if they advance or improve the arts and sciences even to a small extent and are not used illegally. One patented invention may involve more inventive genius than another, but under the law that is no basis for invalidating the one involving the lesser genius, and no duty rests on a court to go beyond the validity raised issues and seek out a reason for holding a patent invalid. The public will derive its unrestricted benefits from the teachings of the patent when its limited term expires. Meanwhile, the patentee—the one who went to the trouble and expense of originating, developing and disclosing to the world the invention—is entitled to the limited benefits assured to him by the Constitution. Petitioner respectfully mentions this fact because the opinion of the Circuit Court of Appeals for the Ninth Circuit in this case appears to assume that the court had a burden of invalidating the patent grants, which burden outweighed the court's duty to apply the presumptions and estoppel flowing from fraudulent evidence and the presumptions of validity flowing from the patent grants.

If petitioner's contention is correct, that respondents' fraud estopped them to be heard affirmatively, then validity, *which is legally presumed,* ceased to be an issue. It is submitted that the only thing remaining for the court to do, then, was to apply the legal presumption of validity flowing from the patent grants and then to pass upon the sole remaining issue of infringement which was the only defense not precluded by respondents' fraud.

It is submitted that, since respondents were estopped to assert affirmatively that the patents in suit were invalid, the presumptions of validity attending their grants should prevail, at least until some one not estopped to do so comes into court with clean hands and proves them to be otherwise by legitimate evidence. This appears to be the only logical application of the doctrine applied in the *Hazel-Atlas* and *Precision Instrument* cases, as well as in *United States v. Bell Telephone Co.,* 128 U. S. 315.

Wherefore, petitioner prays that the writ be granted.

COLLINS MASON,
Attorney for Petitioner.

Service of the within and receipt of a copy thereof is hereby admitted this.....day of April, A. D. 1946.

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